

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 SS-15 L-03 H-03 NSC-10 CIAE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 AGR-20

COME-00 TRSE-00 TAR-02 FRB-02 STR-08 CEA-02 CIEP-02

OMB-01 RSR-01 (ADP) W
----- 018716

R 200830Z JUL 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5530

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E.O. 11652: N/A

TAGS: EAGR ETRD JA US

SUBJ: SOYBEAN EXPORT CONTROLS

REF TOKYO 8573

1. SUMMARY: AMBASSADOR AND E/MIN MET WITH MAF MINISTER SAKURAUCHI TODAY AS FOLLOW-UP TO ECONCOM IX AND IN PREPARATION FOR AMBASSADOR'S CONSULTATIONS IN WASHINGTON. DISCUSSION CENTERED ON SOYBEAN EXPORT CONTROLS. GOJ HOPING TO GET CRUSHERS TO REDUCE JULY-OCTOBER CONSUMPTION OF SOYBEANS BY 10 PERCENT IN ORDER TO HAVE 120,000 MT CARRYOVER BY END OF OCT. SAKURAUCHI ALSO ASKED THAT AMBASSADOR TRY TO GET ADDITIONAL 100,000 MT U.S. SOYBEANS SHIPPED TO JAPAN FOR JULY- OCTOBER ARRIVAL. EMBASSY RECOMMENDS REQUEST BE GIVEN SYMPATHETIC CONSIDERATION. AMBASSADOR REQUESTS MEETING WITH SECRETARY BUTZ AND UNDER SECRETARY CAMPBELL ON JULY 26, 27 OR 30. END SUMMARY.

2. AMBASSADOR AND E/MIN MET WITH MAF MINISTER SAKURAUCHI TODAY RE SOYBEAN EXPORT CONTROLS. AS FOLLOW-UP TO SAKURAUCHI'S FORMAL ECONCOM IX REQUEST AND MAF REQUEST MADE DURING JULY 5 EDMOND - KAMENAGA MEETING COVERED IN REF FOR ADDITIONAL
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SHIPMENTS OF US SOYBEANS FOR ARRIVAL JULY-OCTOBER.

3. ISSUE OF JAPAN'S NOT RECEIVING SPECIAL CONSIDERATION CAME UP AGAIN. AMBASSADOR STATED THAT IN EFFECT JAPAN DID GET SPECIAL CONSIDERATION SINCE SHE IS GOING TO GET ABOUT 33 PERCENT OF TOTAL US SOYBEAN EXPORTS DURING JULY - SEPTEMBER INSTEAD OF TRADITIONAL 25 PERCENT SHARE. THE SYSTEM USED GAVE JAPAN SPECIAL CONSIDERATION AND AT SAME TIME LEFT US IN GOOD POSITION WITH RESPECT TO OTHER IMPORTING COUNTRIES. WE COULD NOT COME OUT AND PUBLICLY STATE THAT WE WERE GOING TO GIVE SPECIAL TREATMENT TO JAPAN WITHOUT GETTING INTO DIFFICULTIES WITH OTHER TRADING PARTNERS IN NEED OF SOYBEANS.

4. SAKURAUCHI SAID THAT HE UNDERSTOOD WHAT THE AMBASSADOR WAS SAYING ABOUT THE 33 VERSUS 25 PERCENT SHARES AND WOULD ACCEPT IT AS IS, BUT SINCE IT WAS PUBLICLY ANNOUNCED THAT TRADITIONAL CUSTOMERS SUCH AS JAPAN WOULD RECEIVE CONSIDERATION HE CAN ONLY ASSUME THAT SUCH CONSIDERATION COULD HAVE BEEN PUBLICLY CARRIED OUT. HE NOTED THAT BASED ON AMBASSADOR'S ASSURANCES AND US PUBLIC STATEMENTS HE HAD ASSURED CABINET, DIET, AND PUBLIC THAT THERE WAS NO NEED FOR CONCERN AND THAT US WOULD FULLY CONSIDER JAPAN'S INTERESTS. THUS SHOCK WHEN 50 PERCENT CUT IN CONTRACTS WAS ANNOUNCED THEREFORE PARTICULARLY GREAT. SAKURAUCHI WENT ON TO EXPLAIN HOW PROBLEM WAS ONE OF EXTREME IMPORTANCE TO JAPAN. HE THEN SUGGESTED THAT THE

PAST BE FORGOTTEN AND THAT WE LOOK TO THE FUTURE.

5. SAKURAUCHI SAID THAT THE 500,000 MT OF SOYBEANS WHICH WERE TO BE EXPORTED TO "UNKNOWN DESTINATIONS" HAD BEEN STUDIED THOROUGHLY BY MAF AND IT APPEARED THAT NONE OF THE 500,000 MT WOULD BE AVAILABLE FOR JAPAN. LUCKILY, JAPAN HAS BEEN ABLE TO MAKE SOME EXTRA PURCHASES IN BRAZIL, HOWEVER, AT NORMAL RATES OF CONSUMPTION JAPAN WILL BE SHORT 10,000 MT BY THE END OF OCTOBER. MAF WILL MEET WITH THE SOYBEAN INDUSTRY USERS TOMORROW (JULY 20) TO ASK THEM TO REDUCE THEIR LEVEL OF CONSUMPTION. IF THEY WILL REDUCE IT TO THE DEGREE TO BE REQUESTED, JAPAN'S OCTOBER 31 CARRYOVER WOULD AMOUNT TO APPROXIMATELY 120,000 MT.

6. SAKURAUCHI THEN ASKED AMBASSADOR TO MAKE URGENT REQUEST LIMITED OFFICIAL USE

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TO USG OF ADDITIONAL 100,000 MT SHIPMENT TO JAPAN OVER AND ABOVE THAT WHICH WOULD BE SHIPPED AS 50 PERCENT OF CONTRACTS UNDER EXPORT CONTROL. GOJ DEEPLY CONCERNED ABOUT PERMITTING RESERVE STOCKS TO RUN DOWN TO 120,000 TONS OR LESS, ESPECIALLY IN LIGHT OF POSSIBLE DELAY IN SHIPMENT OF ADEQUATE AMOUNTS NEW CROP BEANS AND POSSIBILITY OF EXTENSION OF CONTROLS INTO NEW CROP.

7. REVISED MAF ESTIMATES OF JAPAN'S JULY - OCTOBER SOYBEAN

POSITION FOLLOW (ALL FIGURES IN 1,000 MT: COLUMN A IS
 MOST RECENT ESTIMATES WITH 10 PERCENT REDUCTION IN CRUSHING;
 AND COLUMN B IS EARLIER ESTIMATES WITH NORMAL USE RATE
 APPLIED TO DEMAND.

	A	B
SUPPLY		
IN COUNTRY STOCK AS OF JULY 1	471	510

IMPORTS:

U.S.	628	600	
OTHER COUNTRIES		139	80
TOTAL	(767)	(680)	

TOTAL SUPPLY AVAILABLE

JULY - OCTOBER	1,238	1,190
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DEMAND

CRUSHING	835	920
FOOD USE	269	269
CRACKED FOR FEED USE		10 10

TOTAL DEMAND	1,114	1,199
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IN COUNTRY STOCK AS OF

OCTOBER 31	PLUS	124	MINUS	9
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8. EMBASSY DOES NOT KNOW WHETHER SUFFICIENT BEANS AVAILABLE
 TO MEET GOJ REQUEST BUT URGES THAT WASHINGTON AGENCIES CON-
 CERNED GIVE REQUEST EVERY CONSIDERATION. MEETING GOJ REQUESTS
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WOULD HELP OVERCOME SERIOUS ECONOMIC AND POLITICAL CONCERN IN
 JAPAN AND WOULD SERVE TO RE-ESTABLISH CLOSE AND FRUITFUL
 RELATIONSHIP WITH MINISTRY OF AGRICULTURE WHICH COULD LEAD TO
 FUTURE BENEFIT OF AMERICAN AGRICULTURE IN YEARS AHEAD WHEN
 PRESUMABLY AGRICULTURAL PRODUCTS WILL BE IN GREATER SUPPLY.

9. AMBASSADOR REQUESTS APPOINTMENT WITH SECRETARY BUTZ AND
 UNDER SECRETARY CAMPBELL ON JULY 26, 27 OR 30 TO DISCUSS
 THIS MATTER.
 INGERSOLL

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